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EI ENVIRONMENTAL ENGINEERING CONCEPTS LTD.

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QUARTERLY REPORT

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2002

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Prepared By Management
July 23, 2002

**FORM 51-901F
QUARTERLY REPORT**

Incorporated as part of: X Schedule A
 X Schedule B & C

ISSUER DETAILS:

Name of Issuer: El Environmental Engineering Concepts Ltd.

Issuer's Address: 7290 Gray Avenue
 Burnaby, British Columbia, V5J 3Z2

Issuer's Telephone and Fax Tel: 604-435-7000 Fax: 604-434-8823

Contact Person: Debra Chapman

Contact's Position: Director and Secretary

Contact Telephone Number: 604-435-7000

Contact Email Address dchapman@axion.net

Web Site Address N/A

For Quarter Ended: June 30, 2002

Date of Report: July 23, 2002

CERTIFICATE

The Schedule(s) required to complete this Quarterly Report are attached and the disclosure contained herein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it. Please note this form is incorporated as part of both the required filing of Schedule A and Schedules B and C.

Debra Chapman
Name of Director

July 23, 2002
Date Signed

Martin Gnos
Name of Director

July 23, 2002
Date Signed

EI ENVIRONMENTAL ENGINEERING CONCEPTS LTD.**BALANCE SHEET**
(Unaudited - Prepared by Management)**June 30, 2002**

	June 30	December
	<u>2002</u>	<u>2001</u>
Assets		
Current		
Cash and Marketable Securities	4,771	5,003
Accounts Receivable	598	53,949
Prepaid Expenses	<u>1,367</u>	<u>0</u>
Total Current Assets	6,735	58,952
Fixed Assets - Net	0	0
Total Assets	<u>\$6,735</u>	<u>\$58,952</u>
Liabilities		
Current		
Accounts Payable and Accrued Liabilities	<u>0</u>	<u>36,978</u>
Total Liabilities	<u>0</u>	<u>36,978</u>
Shareholders' Equity		
Capital	3,320,311	3,320,311
Contributed Surplus	18,435	18,435
Deficit	<u>(3,332,011)</u>	<u>(3,316,772)</u>
Total Shareholders' Equity	<u>6,735</u>	<u>21,974</u>
Total Liabilities and Shareholders' Equity	<u>\$6,735</u>	<u>\$58,952</u>

EI ENVIRONMENTAL ENGINEERING CONCEPTS LTD.**STATEMENT OF OPERATIONS**
(Unaudited - Prepared by Management)**For the six months ended June 30, 2002**

	Three Months Ended June 30 <u>2002</u>	Six Months Ended June 30 <u>2002</u>	Three Months Ended June 30 <u>2001</u>	Six Months Ended June 30 <u>2001</u>
Revenue				
Sales	0	0	0	103,885
Cost of Goods Sold	0	0	0	<u>194,349</u>
	0	0	0	(90,464)
Interest Income	0	0	267	267
Total Revenue	<u>\$0</u>	<u>\$0</u>	<u>\$267</u>	<u>(\$90,197)</u>
 Marketing Expenses				
Advertising and Marketing	0	0	0	762
Salaries and Commissions	0	0	0	11,941
Travel and Promotion	0	0	0	2,921
 Administrative Expenses				
Consulting Fees	0	0	0	15,309
Depreciation	0	0	0	5,302
Foreign Exchange	(2)	737	4,007	(8,524)
Insurance	0	0	0	3,895
Interest and Bank Charges	38	107	39	5,195
Legal and Audit Fees	6,254	6,254	356	13,780
Office and General	7,632	14,632	10,919	28,920
Rent and Utilities	0	0	0	10,727
Repairs and Maintenance	0	0	0	492
Salaries	0	0	0	11,345
Transfer Agent and Listing Fees	2,530	4,458	4,881	7,015
Travel and Promotion	0	0	196	7,618
Total Expenses	<u>16,452</u>	<u>26,188</u>	<u>20,398</u>	<u>116,699</u>
 Net Profit(Loss) From Operations	<u>(\$16,452)</u>	<u>(\$26,188)</u>	<u>(\$20,131)</u>	<u>(\$206,896)</u>
 Proceeds From Sale Of Subsidiary	<u>10,949</u>	<u>10,949</u>	0	<u>419,354</u>
 Net Profit(Loss)	<u>(5,503)</u>	<u>(15,239)</u>	<u>(20,131)</u>	<u>212,458</u>
 Deficit, Beginning of Period	3,326,508	3,316,772	3,280,300	3,512,888
Deficit, End of Period	3,332,011	3,332,011	3,300,430	3,300,430
 Profit(Loss) Per Share	(0.000)	(0.001)	(0.002)	0.018

EI ENVIRONMENTAL ENGINEERING CONCEPTS LTD.**STATEMENT OF CASH FLOWS**
(Unaudited - Prepared by Management)**For the six months ended June 30, 2002**

	Three Months Ended June 30 <u>2002</u>	Six Months Ended June 30 <u>2002</u>	Three Months Ended June 30 <u>2001</u>	Six Months Ended June 30 <u>2001</u>
Operating Activities				
Profit(Loss) for the Period	(5,603)	(15,239)	(20,131)	212,458
Non-Cash Charges to Income-Depreciation	0	0	0	8,641
Net Change in Non-Cash Working Capital	<u>6,783</u>	<u>15,007</u>	<u>(1,683)</u>	<u>(122,068)</u>
Total Operating Activities	<u>1,280</u>	<u>(232)</u>	<u>(21,814)</u>	<u>99,031</u>
Financing Activities				
Bank Credit Line	0	0	0	(152,104)
Note Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,014)</u>
Total Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>(153,118)</u>
Investing Activities				
(Acquisition) Disposition of Fixed Assets	0	0	0	23,493
(Acquisition) Disposition of Other Assets	0	0	0	6,133
Total Investing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,626</u>
 Change in Cash during the Period	 1,280	 (232)	 (21,814)	 (24,461)
Cash at Beginning of Period	3,494	<u>5,003</u>	25,358	<u>28,006</u>
Cash at End of Period	<u>\$4,771</u>	<u>\$4,771</u>	<u>\$3,545</u>	<u>\$3,545</u>

EI ENVIRONMENTAL ENGINEERING CONCEPTS LTD.

NOTES TO FINANCIAL STATEMENTS
(Unaudited - Prepared by Management)

June 30, 2002

1. Discontinued Operations / Going Concern

On March 6, 2001, the Company sold all its operating assets for US \$353,200. The proceeds were allocated based on fair market value of the capital assets, licence, inventory, prepaid rent and goodwill of \$15,500, \$4,900, \$79,000, \$3,800 and \$250,000 respectively. The taxable capital gain on these amounts was offset by losses carried forward and therefore no tax liability was incurred. The proceeds of the sale were used to settle the third party debts of the subsidiary.

The Company's ability to enter into future endeavours is dependent upon its ability to obtain adequate financing and equity capital to support those operations. The Company has no sources of revenue subsequent to the sale of its operating assets.

2. Accounting Policies

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

4. **Stock Based Compensation**

No compensation expense is recognized when management incentive stock options are granted. The consideration received by the Company from employees and directors on the exercise of such options is credited to share capital.

5. **Loss Per Share**

Basic loss per share is calculated by dividing the loss for the period by the weighted number of shares outstanding during the period.

6. **Share capital**

Authorized: 23,156,500 common shares with no par value

Issued:

	2002		2001	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Balance, beginning of year	11,849,165	\$3,320,311	11,849,165	\$3,320,311
Balance, end of period	<u>11,849,165</u>	<u>\$3,320,311</u>	<u>11,849,165</u>	<u>\$3,320,311</u>

No shares were issued during the period. The company has no warrants or other convertible securities outstanding.

7. **Incentive Stock Options**

The Company has no incentive stock options outstanding.

8. **Related Party Transactions**

Transactions with related parties for the period comprise:

	Paid - 3 months ended June 30, <u>2002</u>	Paid - 6 months ended June 30, <u>2002</u>
Administration fees paid to a director	\$6,000	\$12,000

EI ENVIRONMENTAL ENGINEERING CONCEPTS LTD.

MANAGEMENT DISCUSSION

Subsequent to the sale of the Company's principal asset, the Company was designated as Inactive, effective June 18, 2001, in accordance with TSX Policy 2.6. On July 16, 2002, the Company received an extension from the TSX for the filing of a comprehensive reactivation plan. The Company must file an acceptable reorganization plan and meet Tier 2 maintenance requirements by December 18, 2002, after which the Company may be subject to a suspension in trading.

Management is currently in discussions with a number of arm's length third parties, whereby one of these third parties could acquire a controlling interest in the Company and provide a new business and future opportunities for the Company's shareholders.

Directors and Officers

Eric Watson	Chairman and Director
Terrell Ruhlman	President and Director
Debra Chapman	Director and Secretary
Martin Gnos	Director
Peter Karroll	Director

For further information, please contact: Debra Chapman, Secretary, at 604-435-7000